



GERMANY

REPORT INVESTMENT MARKET

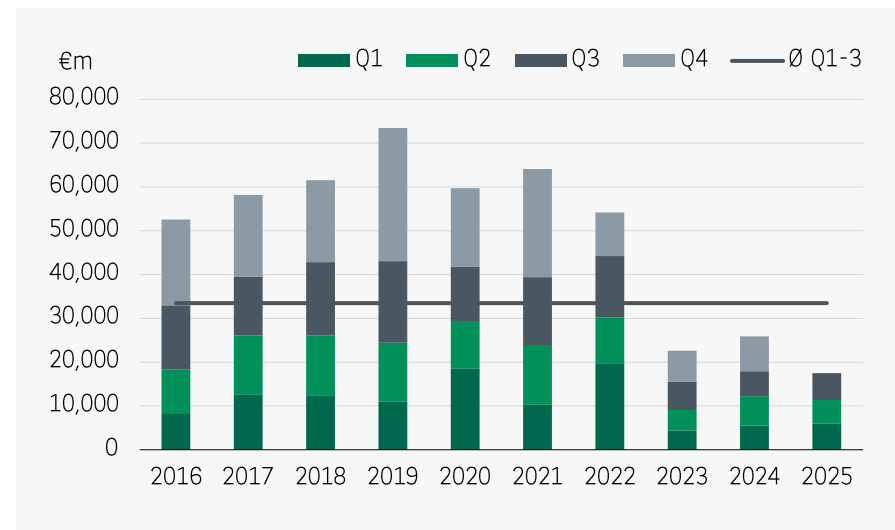
Q1-3 2025



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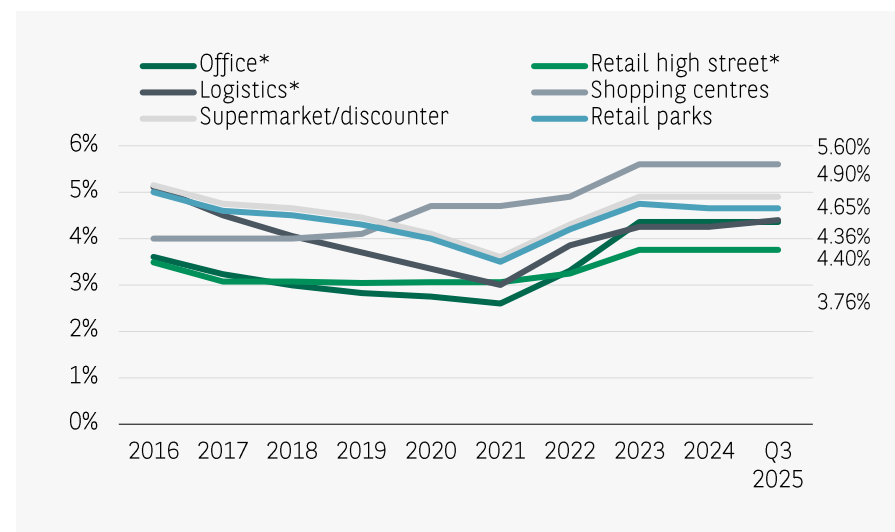
Development of investment volume



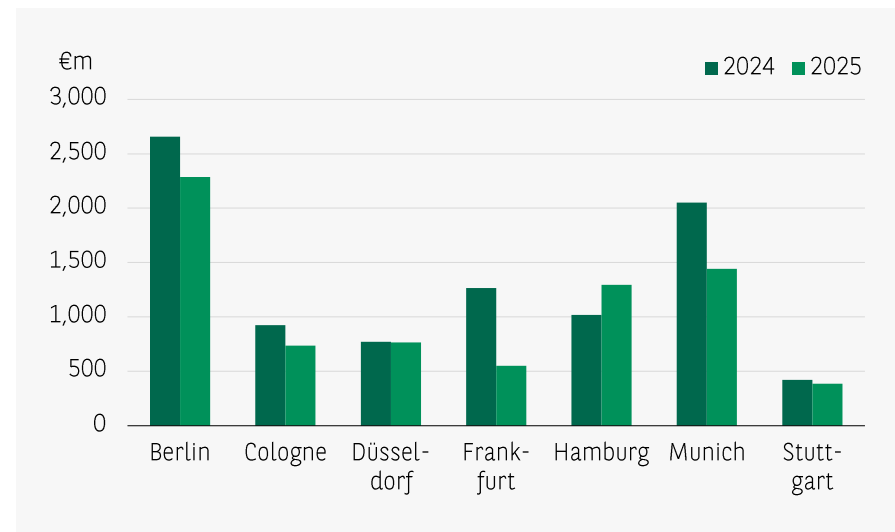
INVESTMENT TRANSACTION VOLUME STABLE COMPARED TO PREVIOUS YEAR

- Commercial investment volume posted at €17.5bn in the first nine months of 2025, reflecting a slight yoy decrease. However, since mid-year there has been a noticeable upturn in the markets, as reflected by the transaction volume, which amounted to €6.1 billion in the past three months—around 7% higher than in the same period last year. Performance nevertheless failed to meet the expectations set out at the beginning of the year. This can be attributed to several factors, the first being that the overall economic situation remains lacklustre.
- After relinquishing its top spot as the dominant asset class in the past two years, office has reclaimed first place in terms of transaction volume. At just under €4.47bn, office assets accounted for a good 25% of total results, up roughly 23% yoy. Investors are regaining confidence that demand for office space will remain stable long term. Logistics and retail assets took a close second and third place, respectively, with €4.17 billion (-5%) and €4.14 billion (-16%) invested. Further down the list are hotel investments with €1.43 billion (+44% y-o-y) and healthcare properties with €1.18 billion (+63% y-o-y).
- Prime yields remained generally stable, with only the logistics segment recording a rise by 15 basis points to 4.40%. Average net prime yields for office assets in tier-1 locations continue to post 4.36%, while the average for inner-city retail properties remains at 3.76%. Yields for retail parks remain unchanged as well at 4.65% with discounters/supermarkets continuing to post 4.90%. Shopping centre yields also trended sideways (5.60%).

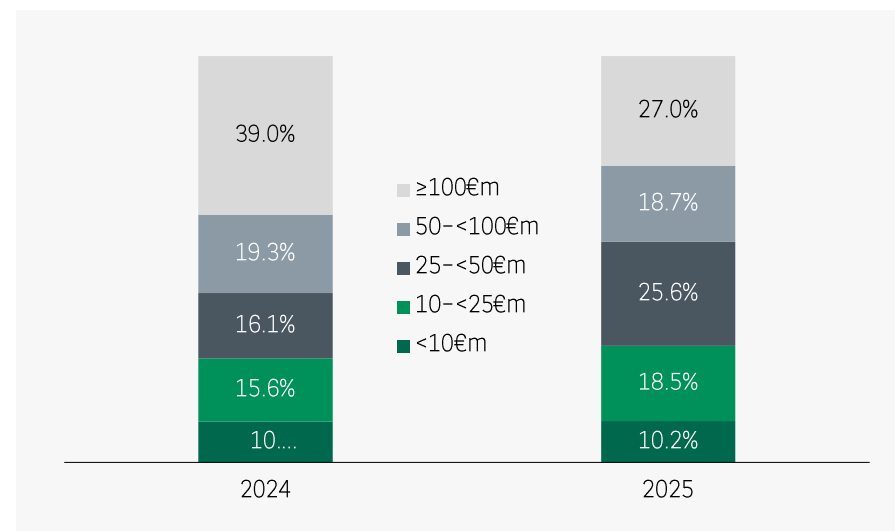
Net prime yields by type of property



Investments in A-locations Q1-3



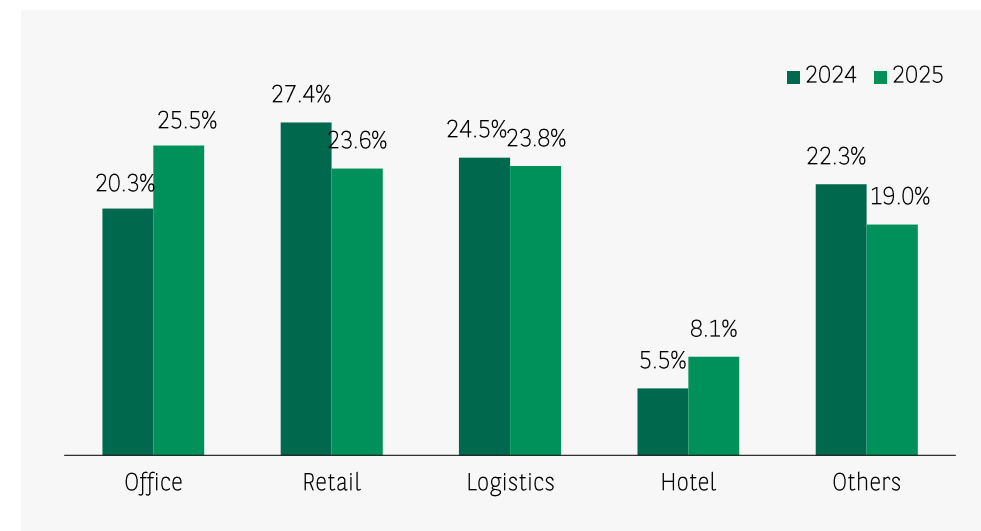
Investments by € category Q1-3



TIER-1 CITIES WITH LOWER TRANSACTION VOLUME YOY

- Transaction volume in Germany's tier-1 cities of Berlin, Düsseldorf, Frankfurt, Hamburg, Cologne, Munich and Stuttgart posted just over €7.46bn at the end of Q3, down roughly 18% yoy. This result, which may appear sobering at first glance, is merely a snapshot in time. A number of transactions are currently being finalised and have therefore not yet been included in results.
- Berlin took clear pole position in the first three quarters of 2025 with €2.29bn in transaction volume (-14%). The Upper West transaction was one of the most important deals to be signed in the German capital. Munich came in second with just over €1.44bn (-30%). Third place was secured by Hamburg with just shy of €1.3bn (+27%). Düsseldorf and Cologne followed in the ranks with €766m (-1%) and €737m (-20%), respectively. Transaction volume in Frankfurt came in unusually low at just €551m (-56%). Stuttgart recorded €387m and a comparatively moderate decline of -8.5%.

Investments by type of property Q1-3



OUTLOOK

- It is difficult to pinpoint the outlook on the German investment markets going forward, as a number of contradictory factors are still making themselves felt. Nevertheless, it is encouraging that commercial investment volume increased significantly in the third quarter, despite the ongoing difficult economic situation and global political uncertainties.
- This development reflects various market aspects. An important prerequisite for increased investment volumes is the significantly greater range of investment opportunities, a trend that has been apparent for some time and is now coming to fruition. Conversely, it is becoming clearer that sellers' and buyers' assessments of future market developments are aligning. This is particularly evident in regard to realistic price levels. The wait-and-see attitude of many market players is dissipating, strengthening investment activity.
- Short term, we expect to see an increase in transaction volume in Q4 of this year due to the fact that so many deals are currently further along in terms of negotiation and exclusivity than they have been for quite some time. Among these are a number of major deals, which combined would mean several billion euros in transaction volume. Taking the current situation into account, we remain confident that a result of more than €25 billion for commercial investments is achievable, barring any short-term external disruptions. Yields are expected to remain stable for the remainder of the year.

Key facts investment market Germany

INVESTMENT VOLUME	Q1-3 2024	Q1-3 2025	CHANGE
Total (€m)	17,913	17,505	-2.3%
Portfolio share	22.0%	23.5%	+1.5%pts
Share above €100 million	39.0%	27.0%	-12.0%pts
Office share	20.3%	25.5%	+5.2%pts
Share of A-cities	50.9%	42.6%	-8.2%pts
Share of foreign investors	38.5%	44.3%	+5.8%pts

NET PRIME YIELDS*	Q3 2024	Q3 2025	CHANGE
Office	4.36%	4.36%	+0bps
Retail	3.76%	3.76%	+0bps
Logistics	4.25%	4.40%	+15bps

* Ø A-locations (Berlin, Cologne, Düsseldorf, Frankfurt, Hamburg, Munich, Stuttgart)

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